2:Sanders E-5 (no date) 1949 EE1 Bulgaria EE1



price, to which the buyer retorted with a ridiculously low price. As the two amounts approached each other the handshaking grew warmer and more rapid until finally the buyer and seller agreed on a sensible figure, at which time a third party added his hand to those of the other two. The third peasant, the witness of the sale, often enjoyed shouting as much as the principals. The bargain concluded, the men went to arrange a bill of sale, after which the newly purchased animal was led across the plain to its new home.

At this market in 1937 a sound young bull cost between twenty-five and thirty-five dollars; a fresh buffalo cow, between fifty and sixty dollars; ordinary cows brought slightly less, between thirty-five and forty-five dollars. Horses ranged from twelve to sixty dollars, while the humble donkey varied in value from twelve to eighteen dollars.

Not far away from the big cattle market, in the high-walled enclosure, was the sheep bazaar. There shepherds lolled in the shade with their flocks and waited for purchasers, often long in coming. This too was a municipal bazaar, and the peasants paid a small fee for the privilege of carrying on business there. Ordinarily a pair of sheep cost $3.60.

Near the Bridge of Lions spanning the narrow canal around Sofia was the mill which the people of Dragalevtsy had chosen to patronize. If they were tired out after their trip into the city, the villagers lay down on sacks of grain until their turns came. When at last they aroused themselves they were coated with a thin layer of flour dust which filled the air around the electrically operated machinery. In the mill courtyard the unyoked oxen rested beside the wagons, and chatting groups of women sat in the scanty shade.

From the Bridge of Lions there jutted off a narrow street lined with people displaying homegrown and homemade wares. This was the beginning of the general market which extended with innumerable side-street ramifications for several long blocks. This market did not really get into full swing until nine o'clock, owing to the drowsiness of Sofia housewives.

The real life of this market resided not so much in the great variety of products on sale as in the peasants: their dress, their immeasurable patience, and their childlike curiosity at strange things

quate reason. It would certainly be unfair and injudicious on their part to insist on exacting their full pound of flesh, such a strangulation of Bulgaria in the interests of a creditor minority would not be tolerated. But a demand on the part of Bulgaria for an alleviation in the charge of the actual debt is justifiable in view of the fact that the fall in world prices has increased the burden of the world's debts very considerably, and has therefore correspondingly improved the position of all creditors.

The extent to which this burden has increased, owing to the fall in agricultural produce in respect of these two League of Nations' Loans may be gauged by a very instructive article published a few years ago by the Association of Bulgarian Economists, which shows the respective values of the loans in tons of wheat at the time of their conclusion, and in 1930. It was thus explained that the total proceeds of the two loans at the time of their subscription was equivalent in value to 957,066 tons of wheat, while by 1930 owing to the fall in the price of commodities, Bulgaria would have had to provide 2,638,317 tons of wheat to raise the same amount of money wherewith to repay her debt. This shows to what extent Bulgaria's paying capacity has been impaired, but even if we adjusted it on this basis we should find that she should pay 35% of the original interest instead of the paltry 19% which she taking advantage of the depreciation of the American and British currencies has been serving out until quite recently to the American and British bondholders.[1] This

[1] By an arrangement arrived at in April 1935, the Bulgarian government will continue paying 32½% of the interest due on these loans until Sept. 30, 1935. but of this amount only 15% will be transferred abroad for distribution, while the balance of 17½% will be placed to the credit of a blocked account. Discussions as to subsequent payments are to be resumed in October 1935. The dividend distributed during July 1935 on the Refugee Loan amounted to £5—5—0 per

is hardly fair and if this be brought to the knowledge of the Bulgarian public, it will itself protest against the discrimination which is being exhibited towards a section of its creditors. But unfortunately both the Bulgarian Government and public are helpless, they are bound by the shackles of the Treaty of Neuilly, they are not masters in their house. they are precluded from redressing the wrongs they suffer from, and which are inflicted on others in their name. It is rather on the American and British bondholders that this duty devolves, and when the latter decide to demand a more equitable treatment, let them realise that it entails also a larger share of justice to Bulgaria. For if the revalorisation of the pre-war debts

£1000 of nominal capital, but if the depreciation of the dollar and pound be taken into consideration, this was tantamount to a rate of 0·7% per annum. It will be of interest to bondholders to know that payment at the rate of 15% of the sums due on its foreign debt involves a total charge to the Bulgarian exchequer of 105,667,655 leva apportioned as follows among its foreign committments:

| | |
|---|---|
| On the pre-war loans | 40,735,216 |
| " " two L. of N. loans | 42,346,464 |
| " " upkeep of the delegates of the pre-war loans & of the commissary of the L. of N. | 4,674,236 |
| " " 6½% 1923 loan | 3,063,128 |
| " " sum due to the Diskonto Gesellshaft | 3,616,440 |
| " " 7% 1923 loan (utilised for settlement of the des Clusières affair | 640,594 |
| On the amount due to the Jonction Salonique-Constantinople railway (paid integrally 100%) | 10,561,387 |

Bondholders should note that if interest on the pre-war loans were paid in paper francs, the amount to be disbursed would be about a third of the 40.735,216 earmarked for this purpose. It would be well if explanations were asked as to why the Bulgarian gorernment is burdened with the upkeep of a special delegate of the holders of these loans, for the commissary of the L. of N. could attend to this job and a saving of over two million ,leva would thereby be effected. An explanation is likewise due as to why the railway Jonction-Salonique is receiving preferential treatment.

457 435 and the payment of an indemnity for the fictitious claims of the Diskonto Gesellschaft be suspended, this means a considerable alleviation of the charge laid on Bulgaria's shoulders They could equally raise the question of the payment of the sums outstanding to the refugees, for whenever, and if, these unfortunate people recover their due, they will hasten to refund the mortgages on their houses and the money thus recovered will be at the disposal of the bondholders. It should not be forgotten that the sums outstanding are not negligible, 1,030 million leva from Greece and almost ten times as much from Turkey. Let it be remembered that Bulgaria can not recover this money without international support because she has been disarmed and rendered helpless mainly at the instigation of her despoilers. Such interference, it is true, implies the exploding of the existing fiction of a nation's sovereignty but it is high time that this outgrown conception should be set aside. When a State has recourse to financial assistance abroad, it converts itself into a sort of limited company, and extends in a sense its citizenship to its creditors. The latter are as anxious as the natives for its welfare and there should be no resentment if they proceed to flash theirh searchlights into hidden places and call to account the directors of the „company" when things threaten to go astray. This is the prerogattve of all shareholders in public companies and it has proved an excellent corrective to abuse. Such interference in local affairs by foreigners has been often resented, because it is usually inspired by selfish motives, but occasionally it may be ascribed to altruistic incentives, for all investors are not Shylocks. Especially this i so with the majority of bondholders of the Refugee Loan, who, when investing in this script were under the impression they were helping a distressed country, and many of whom, when the ravages of the earthquake of 1928 became

000 d'enrichir la société, il n'a d'autre résultat, en réalité, que d'arrêter le developpement de la richesse. Le système protecteur c'est une récompense donnée à l'imbecillité, au desordre, à l'incurie, et une punition infligée à la capacité, à l'économie, à l'intelligence." ("Luttes entre sociétés humaines" p. 117/8). They also fully support Mr J. A. Hobson's affirmation in his "The New Protection" p. 113–7 that: "Protection is a crime for its effect as its intention s to perpetuate strife by stamping divisions ... whereas the whole trend of civilisation has been to bind the peoples of the world into closer unity of interests and activities by the growing of interpendence of commerce, protection would reverse the movement .. Cobden was mistaken in thinking that the perception of their obvious self-interest must rapidly lead all nations to adopt Free Trade. His error lay in failing to perceive that, though the interest of each people as a whole lay in freedom of commerce, the interests of special groups of traders or producers within each country would continue to lie along the line of privilege and protection, and that until democracy became a political reality these organised group interests might continue to mould the fiscal policy of their several States".

651 435 In fact protectionism in Bulgaria has contributed in intensifying the existing antagonism between the rural and urban classes, the former bitterly complaining that they were being exploited in favour of the latter. If they were unable to make themselves heard it was because "democracy had not become a political reality" and that "organised group interests" in league with the political flunkeys who bossed Bulgaria, "continued to mould the fiscal policy of the State".

The recriminations of the peasantry were fully justified for if the prices ruling in 1929 be taken as a basis (100) those of agricultural products had sunk to the level

of 34.4 at the beginning of 1934, while those of locally manufactured articles had only been reduced to 88.1, and those of imported industrial goods to 81.8, mainly on account of the high protective duties which remained constant owing to the specific tariff in force.

As the above figures are based on wholesale prices, it may be assumed that the peasants had to pay 10% to 15% more for their purchases from retail stores, and that they had to give 2 ½ times as much of their produce as they were accustomed in order to obtain in exchange the manufactured articles they had been used to buy.

The discrepancy between agricultural and manufactured goods has to some extent been reduced since the abrogation of the parliamentary regime, for the military seem to have had a clearer conception of their duties as rulers. This they achieved by drastically curtailing the privileges enjoyed by local manufacturers on the one hand, and by the State intervening as buyer of several agricultural articles, such as wheat, rye, cotton, rice, tobacco etc, and fixing enhanced prices for them. The government attaching less value to the cheapness at which the consuming public might obtain its food than to the maintenance of a level of prices at which the peasants are able to live. This seems to forebode a return to sanity, for level-headed men like Prof. G. P. Ghenov, often laid stress on the necessity of Bulgaria reducing her tariffs if she were not to see foreign markets closed to her produce, and that it was indispensable to buy if she sought to sell. His speech of May 16 1932 in the Sobranye in which he exposed the inanity of subsidising an industrial system which cost one milliard leva annually to the State, was very favourably commented on at the time.

What seems difficult to explain is how the wiseacres of the Financial Committee of the League of Nations should, on the floating of the Stabilisation loan of 1928